BNSF Railway Company

Ex Parte No. 677(Sub-No.1) Common Carrier Obligation of Railroads-Transportation Of Hazardous Materials

BNSF℠

July 22, 2008

Policy Issues Raised By Transport of These Commodities

- The risks associated with these commodities we are required to assume as common carriers are unquantifiable and uncontrollable.
- The potential for an accident cannot be fully eliminated.
- Insurance is not commercially available to sufficiently protect us against catastrophic loss.
- There are limits on the availability of insurance, at ever-increasing cost. Our insurance costs increased substantially after 9/11.

BNSF

VE_INF_0028711

Insurance Markets

- The market for railroad liability insurance has contracted substantially over the past several years.
- Five years ago, rails were able to purchase in excess of $1.5 Billion in coverage; today, available coverage is about $1.0 Billion.
- Number of insurance companies willing to write freight railroad insurance has decreased, while the price charged for remaining coverage has increased dramatically.
- Required self retention levels have also increased.

BNSF

VE_INF_0028714

ATTACHMENT 1

BNSF Power Point Excerpt